

05 December 2022

BSE Limited
Corporate Relationship Department
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Dalal Street, Fort,
Mumbai 400 001.

BSE Scrip Code: 500243

The Manager
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C -1, Block G,
Bandra-Kurla Complex, Bandra (E),
Mumbai 400 051.

NSE Scrip Code: KIRLOSIND

Sir / Madam,

Subject: Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

In continuation of our earlier intimations dated 21 October 2022, 11 November 2022, 14 November 2022 and 17 November 2022, please see enclosed, the press statement issued by Kirloskar Industries Limited (“KIL”) on 5 December 2022, in relation to the Extraordinary General Meeting of the shareholders of Kirloskar Brothers Limited to be held on 8 December 2022 pursuant to the requisition made by KIL.

Thanking you.

For Kirloskar Industries Limited

Ashwini Mali
Company Secretary &
Compliance Officer

Enclosed: As above

5th December 2022

Press Statement – Kirloskar Industries Limited

Kirloskar Industries Limited (“KIL”) wishes to highlight matters of corporate governance and transparency pertaining to Kirloskar Brothers Limited (“KBL”) and especially those concerning its minority shareholders, in light of KBL’s Extra Ordinary General Meeting (“EGM”) requisitioned by KIL.

As it is now widely known, there are several disputes between Mr. Sanjay Kirloskar and the rest of the members of the Kirloskar family. We have observed that KBL is a party in most of the cases filed in these disputes. In fact, in an appeal filed by KBL before the Hon’ble Securities Appellate Tribunal (“SAT”) against an order passed by SEBI, the regulator’s view is that KBL has been filing dressed up proceedings to agitate / ventilate private family disputes which is perceived by the regulator as an abuse of the process of law. Upholding SEBI’s Order, the SAT has dismissed KBL’s appeal.

Further, in another matter, the SAT vide its Order dated 12th October 2022 has dismissed an appeal filed by KBL stating that KBL is **not an aggrieved party**. These instances made us, as minority shareholders believe that there is a need for examining the legal expenses that KBL is incurring.

The entire purpose of requisitioning the KBL EGM is to request the KBL Board to appoint an independent forensic auditor to examine the legal expenses of KBL over the last several years to determine whether the same were legitimately incurred and in the interest of and for the benefit of the shareholders of KBL. Or, whether the money was spent to fight the personal battles of its Chairman and Managing Director, Mr. Sanjay Kirloskar.

As the KBL Board has issued a “**Statement of Material Facts**” as an explanation to the notice calling for the EGM, it is important to make sure that minority shareholders understand the purpose and intent of the requisition and hence this press conference.

As a measure of good corporate governance, every public listed company should be in a position to offer itself to scrutiny by an auditor when substantial expenses incurred are being questioned and **minority shareholders’ interests are involved**. We, as minority shareholders requested KBL to choose and appoint an independent forensic auditor as it is their responsibility to ensure the independence or integrity of this process. Lots has been said judicially and otherwise about the role of independent directors and their fiduciary responsibility, especially those pertaining to minority shareholders. Instead of welcoming this requisition, we are surprised to see that the KBL Board including its independent directors have chosen to act against the letter and spirit of corporate governance and have not supported our request for transparency.

It is also disturbing to see that the KBL Board has, instead of leaving the decision to its shareholders, gone ahead and **specifically recommended that the shareholders vote against** this resolution. I wonder what would happen if it is subsequently found that KBL did incur such legal expenses that it was not entitled to spend.

It is indeed suprising that the KBL Board has gone in great detail to **analyse and sit in judgment** on their interpretation of the Deed of Family Settlement (“DFS”). Despite KBL having filed a case against 28 defendants claiming breach of the said DFS, **no court has till date passed any order**, interim or otherwise on the merits of the case. Therefore the matter is clearly **sub judice and is still undecided**.

Kirloskar Industries Limited

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Thanks to KBL uploading the DFS on their website, it is now in public domain. While a lot can be said and refuted about the incorrect interpretation of the terms of the DFS given by the KBL Board, the KBL Board ought to have refrained from getting so deeply involved and prejudging the issues that are already *sub judice*. We do not intend to toe their line.

I am given to understand that there are petitions pending before the Hon'ble Supreme Court of India. The only point before the Supreme Court is to decide whether the matter should be tried by civil courts or through arbitration process envisaged under the DFS.

A victim card is being played to allege that some non-existent non-compete provision has been breached by some individuals through their companies and how KBL is impacted and is suffering because of this. KBL is already in court on this point. Let the courts take their decision and provide the correct interpretation. Should one sit in judgment themselves and circumvent the court process?

Without going into the interpretation of the clauses of the DFS, I would like to point out a glaring fallacy. A plain reading of the DFS put up by KBL in public domain clearly shows that the signatories to the DFS are 5 (five) individuals of the Kirloskar family. It appears that the signatories to the DFS had exercised extreme caution to obtain consent letters from their family members, including infants (as young as 2 years old). If these individuals were so careful and cautious, it would have been logical for them to obtain signatures of companies or cause companies to adopt this DFS, immediately after signing had they even remotely intended that companies are to be bound by the same? Now various theories are being spun as to how by "*implication*" the DFS is binding on **public listed companies who are neither signatories nor have adopted or ratified the said DFS.**

KBL itself claims to have taken this DFS on record only in 2016, a good 7 (seven) years after the DFS was signed and that too only after disputes arose between the family members. This itself speaks of bad governance. In fact, KBL has not taken this DFS duly on record by placing it before its shareholders. This is one of the points that we want the auditors to examine as well.

As the largest minority shareholder of KBL, our plea is that an independent third party like a forensic auditor examine this expenditure by KBL.

The conduct of the KBL Board does not appear to be transparent and raises serious concerns about discharge of fiduciary responsibilities and upholding governance standards. As the largest minority shareholder, we feel therefore it is our duty to make the KBL Board accountable to all stakeholders rather than allowing KBL to be run as a personal fiefdom of its Chairman and Managing Director.

Thank you!

Mahesh Chabbria
Managing Director
Kirloskar Industries Limited
